

EXHIBIT C

CENTERS FOR MEDICARE AND MEDICAID SERVICES

Decision of the Administrator

In the matter of:

**The Disapproval of the
Washington State Plan Amendment
No. 17-0002**

Hearing Docket No. 2019-01

This case is before the Administrator, Centers for Medicare & Medicaid Services (CMS), for final agency review pursuant to 42 C.F.R. §430.102. The CMS Presiding Officer's recommended decision was issued November 20, 2020. Exceptions were received from the State of Washington and from CMS. Exceptions to the recommended decision have been reviewed and included in the administrative record.

Issues

The issues are whether Washington State Plan (SPA) 17-0002 is inconsistent with the requirements of: Section 1902(a)(30)(A) of the Social Security Act (42 U.S.C. § 1396a(a)(30)(A)) which requires, in part, that States have a State plan that provides such methods and procedures to assure that payments are consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that care and services are available to the general population in the geographic area; and Federal regulations at 42 C.F.R. §§ 447.502, 447.512 and 447.518, which provide that payments for drugs are to be based on the ingredient cost of the drug based on the Actual Acquisition Cost (AAC) and a Professional Dispensing Fee (PDF).

After a review of the record and arguments on reconsideration, and in particular the absence of a regulatory provision foreclosing the market-based approach used by Washington to evaluate its dispensing fees, the Washington State Plan Amendment SPA-17-0002 is hereby approved.

**THIS CONSTITUTES THE FINAL ADMINISTRATIVE DECISION OF THE
SECRETARY OF HEALTH AND HUMAN SERVICES**

Date: 01.19.2021



Demetrios L. Kouzoukas
Principal Deputy Administrator
Centers for Medicare & Medicaid Services